

JAN 20 2012

A BILL FOR AN ACT

RELATING TO LIFE INSURANCE POLICIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that although the cost of
2 long-term care services is rising, more individuals have term
3 life insurance policies, which end when people leave their job
4 or retire, instead of private long-term care insurance. Factors
5 such as cost, convenience, and desire to protect growing
6 families, may motivate individuals to buy life insurance over
7 long-term care insurance.

8 The legislature also finds that according to the American
9 Council of Life Insurers, Hawaii had more than 709,000 in-force
10 life insurance policies in 2009, compared to 77,344 individuals
11 covered by long-term care insurance in 2010. Approximately only
12 five per cent of the State's population has long-term care
13 insurance.

14 The legislature further finds that despite the infrequent
15 use of viatical settlements and accelerated death benefits in
16 life insurance policies, these options should be studied as
17 possible solutions and assessed for their potential as funding
18 sources for long-term care services.



1 The purpose of this Act is to establish a task force to
2 assess and make recommendations regarding the use of viatical
3 settlements and accelerated death benefits as means of funding
4 long-term care.

5 SECTION 2. (a) The insurance commissioner shall convene a
6 task force within thirty days after the effective date of this
7 Act to assess and make recommendations regarding the following
8 issues:

9 (1) The feasibility and benefits of using viatical
10 settlements as funding sources to fund for long-term
11 care needs, including:

12 (A) The review of the current Hawaii insurance code
13 to identify and recommend ways to eliminate
14 unnecessary barriers, if any, for viatical
15 settlements;

16 (B) The feasibility of establishing a regulatory
17 oversight system for viatical settlements; and

18 (C) The establishment of a regulatory oversight
19 system, if found feasible, including the
20 appropriate agency to have oversight, examination
21 process, licensing process, and standards for the



1 sale of viatical settlements by third parties;

2 and

3 (2) The feasibility and benefits of mandating life
4 insurance companies to include an offer of accelerated
5 death benefits in their standard policies, including:

6 (A) Whether a standard of rating the option of
7 accelerated death benefits should be included;

8 (B) The feasibility of mandating accelerated death
9 benefits as a rider that can be applied to
10 existing policies; and

11 (C) Minimum requirements for payout under accelerated
12 death benefits.

13 (b) The task force shall be chaired by the insurance
14 commissioner and be composed of six individuals from the long-
15 term care community and insurance community, three of whom shall
16 be selected by the senate president and three of whom shall be
17 selected by the speaker of the house.

18 (c) In carrying out its duties under this section, the
19 task force may request staff assistance from the department of
20 commerce and consumer affairs, the department of health, the
21 department of human services, and other appropriate state and
22 county executive agencies.



1 (d) The members of the task force shall serve without
2 compensation, but shall be reimbursed for expenses, including
3 travel expenses, necessary for the performance of their duties.

4 (e) The insurance commissioner shall submit a report of
5 the findings and activities of the task force, including
6 recommendations and proposed legislation, to the legislature no
7 later than twenty days prior to the convening of the 2013
8 regular session.

9 (f) The task force shall be dissolved on June 30, 2013.

10 SECTION 3. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$ or so
12 much thereof as may be necessary for fiscal year 2012-2013 for
13 the establishment and operations of the task force.

14 The sum appropriated shall be expended by the department of
15 commerce and consumer affairs for the purposes of this Act.

16 SECTION 4. This Act shall take effect on July 1, 2012.
17

INTRODUCED BY:

Joanne Chun Aakana
Joe Deane Jr.



S.B. NO. 2455

Report Title:

Kupuna Caucus; Task Force; Whole Life Insurance Policies; Long-Term Care Benefits; Long-Term Care Payments; Long-Term Care Commission; Appropriation

Description:

Establishes a task force to determine the feasibility of using viatical settlements and accelerated death benefits as potential funding sources for long-term care services.

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